



STATE OF UTAH INSURANCE DEPARTMENT

REPORT OF FINANCIAL EXAMINATION

of

OPTICARE OF UTAH, INC.

of

West Valley City, Utah

as of

December 31, 2014

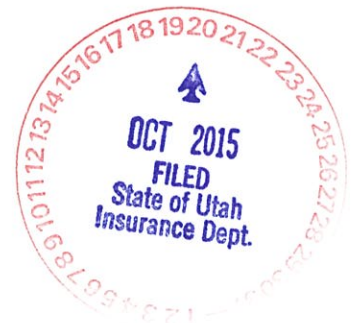


TABLE OF CONTENTS

SALUTATION	1
SCOPE OF EXAMINATION	1
Period Covered by Examination.....	1
Examination Procedure Employed.....	1
Status of Prior Examination Findings.....	2
SUMMARY OF SIGNIFICANT FINDINGS	2
SUBSEQUENT EVENTS.....	2
COMPANY HISTORY	2
General.....	2
Dividends and Capital Contributions.....	3
Mergers and Acquisitions	3
MANAGEMENT & CONTROL INCLUDING CORPORATE GOVERNANCE	3
Holding Company	4
TERRITORY AND PLAN OF OPERATION	4
REINSURANCE	4
FINANCIAL STATEMENTS.....	4
BALANCE SHEET (ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS)	5
SUMMARY OF OPERATIONS	6
RECONCILIATION OF CAPITAL AND SURPLUS.....	7
COMMENTS ON FINANCIAL STATEMENTS.....	7
ACKNOWLEDGEMENT.....	7

09/24/2015

Honorable Todd E. Kiser, Commissioner
Utah Insurance Department
3110 State Office Building
Salt Lake City, Utah 84114

Pursuant to your instructions and in compliance with statutory requirements, an examination, as of December 31, 2014, has been made of the financial condition and business affairs of:

Opticare of Utah, Inc.
West Valley City, Utah

hereinafter referred to in this report as the Company, and the following report of examination is respectfully submitted.

SCOPE OF EXAMINATION

Period Covered by Examination

We have performed our multi-state examination of Opticare of Utah, Inc.

The examination covers the period of January 1, 2010 through December 31, 2014. The examination also reviewed subsequent events in determining the financial condition of the insured.

Examination Procedure Employed

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook*. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the company by obtaining information about the company including corporate governance, identifying and assessing inherent risks within the company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the company were considered in accordance with the risk-focused examination process.

Status of Prior Examination Findings

The last exam was completed as of December 31, 2009. Items of significance noted in the prior examination report summary were as follows:

- 1) The Insurer did not maintain complete and accurate records of forms filed.
- 2) Claims were not processed within 30 days.
- 3) NAIC Annual Statement Instructions for reporting unpaid claims were not followed.

The examiner reviewed the findings and determined that the findings in the previous examination report were corrected.

SUMMARY OF SIGNIFICANT FINDINGS

No significant findings.

SUBSEQUENT EVENTS

No significant subsequent events.

COMPANY HISTORY

General

Opticare of Utah, Inc. dba Opticare Plus Vision Plans ("Opticare") is a limited health plan domiciled in the state of Utah. It was organized as a corporation on August 19, 1987. It obtained a certificate of authority as a limited health plan-optometry and began selling group and individual vision care insurance policies on January 1, 1988. Effective June 10, 2010 Opticare obtained an expansion certificate of authority as a Disability insurer (limited to optometry) in the state of Arizona for group and individual vision care insurance policies and its first group in Arizona began coverage August 1, 2011. Opticare has submitted an expansion application to enter the Missouri market.

The Company can be described as a small insurer that has been operating under the same management and ownership for the past 28 years. The Company is managed conservatively, both in its operations and in its investments.

Dividends and Capital Contributions

The following dividends were paid to stockholders during the years under examination:

	2010	2011	2012	2013	2014
Dividends to Stockholders	\$89,096	\$29,096	\$6,433	\$17,460	\$0

No capital contributions were made during the exam period.

Mergers and Acquisitions

There has been no mergers or acquisitions.

MANAGEMENT & CONTROL INCLUDING CORPORATE GOVERNANCE

The bylaws of the Company indicated the number of directors may be up to seven. The following persons served as directors and well as members of the audit committee as of December 31, 2014.

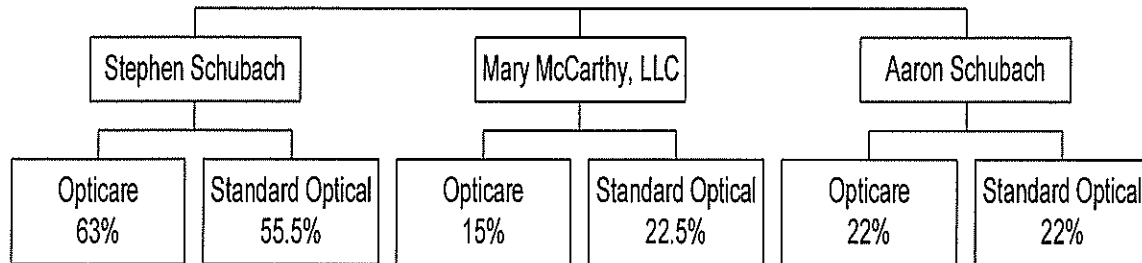
Name and Location	Title and Principal Occupation
Stephen A. Schubach Sandy, UT	President Standard Optical Company
Aaron R. Schubach Salt Lake City, UT	Vice President Standard Optical Company
Mary McCarthey Salt Lake City, UT	President Mary McCarthey, LLC

The officers of the Company as of December 31, 2014, were as follows:

Name	Title
Stephen A. Schubach	President
Aaron R. Schubach	Vice President
Kenneth A. Acker	Secretary/Treasurer

Holding Company

The Company shares common ownership with affiliate Standard Optical Company as illustrated in the holding company system organizational chart below.



TERRITORY AND PLAN OF OPERATION

The Company is authorized to provide optical services as a limited health plan in the state of Utah as of September 30, 2005. The Company is also authorized to transact disability insurance business limited to optometry in the state of Arizona as of June 10, 2010.

The vision products of the Company are marketed by licensed employees of Standard Optical, appointed independent producers, and vision kiosks. The vision products are presented at trade shows, expositions, and health fairs.

REINSURANCE

There was no reinsurance in place as of December 31, 2014.

FINANCIAL STATEMENTS

The following financial statements were prepared from the Company's accounting records and the valuations and determination made during the examination.

OPTICARE OF UTAH, INC
BALANCE SHEET (ASSETS)
as of December 31, 2014

	Net Admitted Assets
Cash	\$ 673,174
Other invested assets	329,175
Subtotals, cash and invested assets	1,002,349
Uncollected premiums and agents balances	484,480
Electronic data processing equipment and software	33,665
Total assets	\$ 1,520,494
 LIABILITIES	
	Current Year
Claims unpaid	\$ 235,010
Unpaid claims adjustment expenses	4,700
General expenses due or accrued	76,195
Total liabilities	\$ 315,905
 SURPLUS AND OTHER FUNDS	
Common capital stock	300,000
Gross paid in and contributed surplus	61,470
Unassigned funds (surplus)	843,119
Total Capital and Surplus	1,204,589
Total of Liabilities, Surplus, and Other Funds	\$ 1,520,494

OPTICARE OF UTAH
SUMMARY OF OPERATIONS
for the Year Ended December 31, 2014

	Current Year
Net premium income	\$ 4,883,196
Total Revenue	<u>4,883,196</u>
Other professional services	2,630,313
Total Hospital and Medical	<u>2,630,313</u>
Claims adjustment expense	136,187
General administrative expenses	1,906,539
Total underwriting deductions	<u>4,673,039</u>
Net underwriting gain or (loss)	\$ <u>210,157</u>
Net investment income earned	29,936
Net investment gain or (loss)	<u>29,936</u>
Net income or (loss), after capital gains tax and before all other federal income taxes	240,093
Net Income	<u>240,093</u>

OPTICARE OF UTAH
RECONCILIATION OF CAPITAL AND SURPLUS
2010 through 2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Surplus as regards to policyholders prior	\$694,354	\$772,508	\$868,120	\$707,336	\$956,485
Net Income/(Loss)	69,273	105,317	205,123	(57,928)	240,093
Change in nonadmitted assets	97,977	19,390	(359,474)	324,537	8,008
Dividends to shareholders	(89,096)	(29,095)	(6,433)	(17,460)	0
Net change in capital and surplus	78,154	95,612	(160,784)	249,149	248,101
Capital changes end of reporting year	<u>772,508</u>	<u>868,120</u>	<u>707,336</u>	<u>956,485</u>	<u>1,204,586</u>

COMMENTS ON FINANCIAL STATEMENTS

Capital and surplus


\$1,204,586

The Company's capital and surplus was determined to be the same as that reported in the Company's annual statements as of December 31, 2014. The capital and surplus significantly exceeded the authorized control level risk-based capital. No adjustments were determined necessary for examination purposes.

ACKNOWLEDGEMENT

Mike Presley, FSA, MAAA, of the actuarial firm of AGI Services performed the actuarial phase of the examination. Tracy D. Gates, CISA, CPA, CFE, of Highland Clark, performed the information technology reviews. In addition, Joseph Boyle, participated in the examination representing the Utah Insurance Department. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by officers, employees, and representatives of the Company.

Respectfully Submitted,


Don Catmull, CFE
Utah Insurance Department